

IN THE MATTER OF)
THE IMPASSE DISPUTE)
)
between)
)
WINTERSET COMMUNITY)
SCHOOL DISTRICT)
)
and)
)
WINTERSET EDUCATION ASSOCIATION)

ARBITRATION AWARD

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RELATIONS BOARD
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APPEARANCES

For the Winterset
Community School District:

Drew Bracken, District Counsel
Mary Jo Detrick, District Business Manager
Doyle F. Scott, District Superintendent
David Schmitt, Superintendent-Washington
Community School District

For The Winterset
Education Association:

Jim Crotty, UniServ Director
Betty Fuller, ISEA School Budget Specialist
Sue Stuchel, Association President
Alan Feirer, Association Chief Negotiator

In accordance with the provisions of Chapter 20 of the Iowa Code, this Arbitrator was selected by the parties and appointed by the Iowa Public Employment Relations Board to hear and decide the issue which was at impasse.

Pursuant to the agreement by the parties, the arbitration hearing was held on July 25, 2003 at 9:00 a.m. at the District Administration Building, Winterset, Iowa. The hearing was electronically recorded. The parties stipulated that there was no dispute as to the arbitrability or negotiability of the item presented to the Arbitrator. No subpoenas had been requested and no stenographic recording had been requested. The parties agreed to submission of the matter to a single arbitrator rather than to a panel of three arbitrators. The parties have waived the applicable deadlines for arbitration. It was agreed that the Association would proceed with its presentation first.

In the course of the hearing, both parties submitted their evidence and were given full opportunity to present argument and rebuttal. The parties chose not to submit post-hearing briefs and the hearing was closed at 12:00 noon. The award set forth below is based upon the Arbitrator's weighing of all of the facts and arguments submitted, even those which are not specifically referred to herein.

EXHIBITS

District Exhibits A through O

Association Exhibits A1-14, B1-2, C1-6, and D1-13

ISSUES AT IMPASSE

The following issue was presented to the Arbitrator:

Article V-Wages and Salaries: The Association seeks an increase of \$200.00 to the base (to \$24,789.00). The District offers an increase of \$75.00 to the base (to \$24,673.00).

BACKGROUND

Winterset Community School District has a student enrollment of approximately 1615 students. It has an enrollment rank of 61 among Iowa's 371 school districts. The District maintains four separate instructional locations consisting of various segments within the K-12 student population. The District employs a full-time Superintendent along with a Principal at each instructional location.

The District encompasses the City of Winterset, Iowa, and a large portion of rural Madison County. The District is generally southwest of the Des Moines Metropolitan Area.

Under the legislative formula for increases in regular program budget, Winterset will receive a 2.25% increase for the upcoming year.

The Association's initial proposal was presented on January 27, 2003. This was followed by three negotiating sessions and mediation which led to a tentative agreement. The tentative agreement was rejected by the Association membership on May 12, 2003. The parties have agreed on all issues with the exception of the issue which is the subject of this arbitration.

DISCUSSION

By statutory mandate, the Arbitrator must choose between the Association's final offer and the District's final offer on each issue at impasse. The Iowa Code further provides that the Arbitrator must select, without alteration, the most reasonable of the positions on each of the items at impasse and consider the statutory criteria in arriving at the decision as to which is the most reasonable. The statutory criteria specified in the Iowa Code Section 20.22(9) include:

- a.) Past collective bargaining contracts and bargaining history;
- b.) Comparison of wages, hours and conditions of employment of other teachers including consideration of factors peculiar to the area and classifications;

- c.) The interests and welfare of the public, the ability of the employer to finance the costs involved and the effect of such costs on the normal standard of services;
- d.) The power of the public employer to levy taxes and appropriate funds for it's operations;
- e.) Any other relevant factors.

ASSOCIATION'S POSITION

The Association suggests a comparability group consisting of Winterset and eight other school districts within 50 miles of the City of Des Moines with enrollments between 1000 and 2000 students. The comparability group resulting from this criteria is the following: Adel DeSoto Minburn (ADM), Ballard Carlisle, Dallas Center-Grimes, Nevada, Perry, Saydel, Roland-Story. Winterset ranks second in enrollment and the majority of the districts in the group have enrollments in the 1400 to 1600 range.(Association Exhibit C-1).

The Association asserts that this comparability group is appropriate because the districts have similar enrollments, are in close proximity geographically and must compete with Des Moines and Des Moines suburban districts for staff.

Other factors arguing in favor of this comparability group are the fact that they are all in AEA 11 and Iowa Workforce Development Region 11. All but one are members of the Raccoon River Valley Athletic Conference. All are in the Des Moines Register Golden Circle Publication area. In addition they all have similar sized instructional staff and administrative staff and all have a pupil-teacher ratio in the range of 12 to 15. (Association Exhibit C-3). The Association argues that a comparison of salary benchmarks shows that the Winterset teachers lose ground in both the BA lanes and the MA lanes among the comparability group until they reach the maximum in each category. (Association Exhibit C-4).

The Association also believes that the achievement level of the District is excellent and that the staff should be fairly compensated for this level of achievement. (Association Exhibit C-5).

Comparing the average salary in the District with the average salary in the Des Moines suburban districts in the benchmark categories indicates that Winterset is well below the averages of the suburban districts which the Association believes will create recruiting difficulties because of the proximity of Des Moines and the easy access via the interstate system.

The Association also believes that it is appropriate to consider state-wide settlements and relate those settlement averages to regular program growth (new money) increases. (Association Exhibit C-6). Even using lower "new money" figures than Winterset will receive, this analysis shows average settlements more closely approximating the Association's proposal than the District's final offer. The only exception to this is the Association's comparability group which

shows an average "new money" of 3.22% and an average settlement package of 4.76%.

The Association argues that the District has the ability to pay the cost of the Association's proposal principally through turnover savings and elimination of some positions. In addition, some of the costs will be covered by increases in special education funding. The Association believes that the District also has a healthy ending fund balance even after implementation of the modified accrual accounting technique. If the District had stayed on the cash method of accounting they would have had an even higher ending balance. Because of having to fund 14 months of salaries under the accrual accounting method in the past year the financial picture for the upcoming year will be brighter because the District will only have to fund the normal 12 month salary obligation. The District has also implemented a cash reserve tax levy which has not yet been reflected in the official accounting numbers. When added to the existing budget figures this should fully fund the District's spending authority. This would then make the ending fund balance equal to or greater than the unspent balance.

The Association's costing analysis for its proposal shows a dollar cost increase of \$250,794 before any correction for turnover savings. The Association costs the District proposal at \$224,089. (Association Exhibit D-10). The Association believes that turnover savings will cover \$173,957 of this cost leaving approximately \$76,000 to be funded in another manner. (Association Exhibit D-11). The Association believes that there are other funds available which can be adjusted to fund this \$76,000 and that the Association's offer will have no impact on tax rates.

The Association also believes that the history of bargaining between the parties also supports its assertion that the Association's proposal is the most reasonable of the two final offers. Over the past eight years, with the exception of the 2002-2003 budget year, the total package increases have been greater than or essentially equal to the Association's current final offer. The only departure from this history is the past year in which the total package increase was 3.8%. The Association believes this is a reflection of the fact that the regular program dollars increase for 2001-2002 and 2002-2003 were essentially 0. With the 2.25% increase for the current year the total package increase should be more in-line with previous bargaining history. (Association Exhibit B-2).

DISTRICT'S POSITION

The District believes that Winterset is not a big city and is not a suburb of the City of Des Moines. Likewise, the Winterset Community School District is not a suburban school district. The District has had no difficulty competing to secure excellent instructional staff and retain them.

The District estimates the cost of its final offer to be \$224,089, the same figure used by the Association. The final offer of the District is for a base increase of \$75 which when multiplied up the salary schedule results in an average salary increase of \$640 per teacher. This increase when added to an increase in benefits averaging \$1000 per teacher results in an average increase for the teachers in the District of \$1600 under the District's proposal. The District

acknowledges that the tentative agreement referred to above is not in any way binding after it has been rejected by the membership of the Association. The District does argue that the agreement provides proof of the reasonableness of its proposal. The District also points to the fact that it believes that the mediator seemed to be seeking common ground at a level under 4% increase. The District acknowledges that both parties negotiated in good faith but were ultimately unable to reach a resolution acceptable to the membership of the Association.

The District believes that there can be no significant historical correlation demonstrated between new money and total package increases for the Association. Likewise there is no correlation between new money and the package increases for administrators which the District asserts have generally been less than the packages agreed to for the Association members. (District Exhibit C).

The District offers to the Arbitrator comparability information from several different groups. The first is the Racoon River Valley Athletic Conference consisting of ten (10) districts with enrollments ranging from approximately 1200 to 1850. Winterset ranks third in enrollment and third in average teacher salary. It generally maintains this level of ranking until the highest level of step 5 and step 10 when it drops significantly in rank. (District Exhibit D-4). Because Carroll and Jefferson-Scranton both have agreed to total package increases less than that offered by the District, Winterset is not going to fall further behind them or any others if the District's Offer is adopted..

The second comparability group suggested by the District is the group derived from the ten districts with enrollments immediately higher than Winterset and the ten districts immediately below Winterset in enrollment. (10 up/10 down) In this group, Winterset currently ranks 7th of 21 in terms of average teacher salary, which is higher than its 11th of 21 in enrollment rank. (District Exhibit E-2). The District also asserts that Winterset is higher than the average of the 21 districts.

The third comparability group offered by the District consists of those districts within one hour of Des Moines having enrollments within 500 (higher and lower) of the enrollment of Winterset. The average salaries in this group, which in Winterset reflect the longevity of the Winterset staff, show little competitive pressure from Des Moines. (District Exhibit F-2). Given the tentative agreements for the upcoming year Winterset will not fall from its rank of 2nd in the group.

Another group offered for comparison purposes is immediately neighboring districts. Most of these districts have substantially lower enrollments than Winterset and the average salary show that Winterset compares very favorably with all of these districts. Winterset ranks 1st in average salaries despite being 3rd in enrollment rank. (District Exhibit G-2). It is also approximately \$4400 above the average for the group.

The District argues that declining enrollments since the 98-99 year have seriously effected the District's ability to properly serve its students. There has been a 7% drop in enrollment. Rather than increasing taxes the Board has taken a number of steps to cut expenses.

These have included cutting travel and meal reimbursement for staff, cutting some text book expenses, reducing program offerings and administrative costs, reducing classified and certified staff and granting administrative and classified staff lower raises than those negotiated for teachers. The District has also implemented budgetary re-allocations similar to those implemented by school districts throughout the state. The cash reserve levy has increased from \$0 to \$285,000 over the past 4 years, tax rates have been increasing slightly over the past several years with a slight decrease for the current year (2003-2004). Valuations in the district have gone up slightly and with the additional money the District hopes to restore some previously eliminated programs.

The District acknowledges that it has the ability to pay the proposals offered by both parties but is worried about the effect on services that the adoption of the Association's proposal would have.

The District also believes that with the cost of living (CPI) increases at approximately 1.8%, the District's offer is the most reasonable.

The District contends that the Association's comments regarding competition for teachers are an interesting theory but there is no evidence to support the position.

The cost cutting by the District in the past has had the result that the District is "light" on administration and is committed to its teachers and the programs it has been able to offer.

The District acknowledges that it is not taxing to the maximum extent possible and argues that the new money authorization will not even fully fund the final offer of the Association. The District is worried about the uncertainties related to predictions of substantial energy cost increases.

The District disputes the Association's estimate of turnover and attrition savings. It asserts that this is only an estimate and in fact the District may have to hire more staff with the result of less savings than projected by the Association.

FINDINGS OF FACT

WAGES

1. Past Collective Bargaining and Contracts. Whether the Arbitrator examines the Association's comparability group or the groups offered by the District, Winterset teachers rank high among all the comparison groups. This is particularly true in terms of average teacher salary because of the nature of the Winterset salary schedule which rewards teachers for longevity and because Winterset has an experienced teacher group. There are some cases of pullback in rank due to the nature of the salary schedule in the middle ranges of the benchmark steps but the salary schedule structure is a function of the bargaining history of the parties and is not an issue in this arbitration.

The evidence indicates that the parties did bargain in good faith on this wage issue and that the tentative agreement arrived at through mediation and good faith bargaining was rejected by a 2:1 margin. This bargaining result does not reflect adversely on either party.

Insufficient historical data was provided from which the Arbitrator could determine whether Winterset's rank among the various comparability groups was historically consistent but it appears that neither the District's proposal or the Association's proposal will significantly change the current ranking in any of the comparison groups in terms of average salaries.

2. Comparability. As mentioned above, with the parties final offers being less than .5% apart, adoption of either proposal will not significantly change the ranking of Winterset in any of the comparability groups, at least when average salaries are compared. Under either the District offer or the Association offer, Winterset would to some extent lose rank to Carlisle because of a 9% total package settlement in Carlisle. This would occur in both the important Step 1 BA and Step 1 MA lanes. Adoption of the Association's proposal would tend to minimize this loss of position.

In terms of other comparisons, statewide settlements cited by the Association show an average of 4.23% total package increase. Correlating the statewide settlements with regular program increase authorizations suggest an increase more in line with the Association's proposal than with the Districts proposal. Settlements in districts with similar enrollments within 50 miles of Des Moines, which average 4.76% and which are, all but one, in excess of the District's offer, support the Association's proposal.

3. Ability to Pay. The District has acknowledged that it is not alleging an inability to pay the Association's wage proposal. The District has asserted that adoption of the Association's proposal could have an effect on the services it is able to provide. The fact that there is a difference of less than \$27,000 between the cost of the two proposals argues against the significance of the District's position on this aspect of the statutory criteria. The District has asserted that adoption of its proposal may allow it to restore some programs previously cut. The evidence shows that this amount of money or an even greater amount of money could be found by the District through turnover savings and attrition as well as other available methods.

4. Ability to Tax. Neither party has made any allegation regarding the District's inability to levy taxes sufficient to fund its programs. The District acknowledges that it is not at its maximum taxation level and the tax rate has actually declined this year.

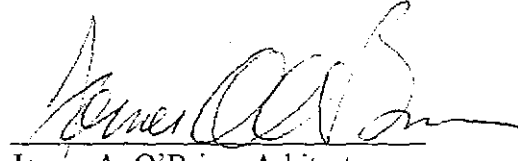
5. Other Relevant Factors. The District has asserted that the Arbitrator should consider the arbitration decision of Habbo G. Fokkena dated August 4, 2000 concerning the Winterset District. The District's argument is that implicit in Mr. Fokkena's decision is the fact that if enrollments continued to decline a lower wage increase might be more reasonable. This Arbitrator does not necessarily accept this correlation and would note that Mr. Fokkena said, "I do not mean that this finding should be written in stone, and be used in future arbitration hearings."

CONCLUSIONS OF LAW

In accordance with the statutory criteria imposed upon the Arbitrator, the Arbitrator determines as follows:

The Association's offer of a base salary increase of \$200.00 to \$24,798.00 is the most reasonable and is adopted.

Dated this 7th day of August, 2003


James A. O'Brien, Arbitrator

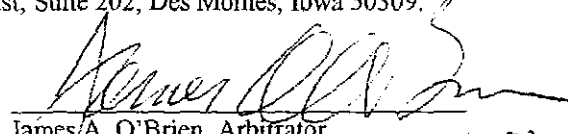
CERTIFICATE OF SERVICE

I certify that on the 7th day of August, 2003, I served the foregoing Award of Arbitrator upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Drew Bracken
100 Court Avenue
Suite 600
Des Moines, IA 50309-2231

Jim Crotty
777 Third Street
Des Moines, IA 50309-1301

I further certify that on the 7th day of August, 2003, I will submit this Award for filing by mailing it to the Iowa Public Employment Relations Board, 514 East Locust, Suite 202, Des Moines, Iowa 50309.


James A. O'Brien, Arbitrator

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